

**Remarks**

The Application has been carefully reviewed in light of the final Office Action mailed July 30, 2003. Although Applicants believe all claims are allowable without amendment, to expedite issuance of a patent from the Application, Applicants make clarifying amendments to Claims 63 and 78. None of these changes is considered necessary for patentability. These amendments do not raise new issues and will not require further searching. These amendments will also place the Application in better condition for appeal if the Examiner maintains the Examiner's rejections. Accordingly, Applicants respectfully request that these amendments be entered. Applicants respectfully request reconsideration and allowance of all pending claims.

**Claims 63-92 are Directed to Statutory Subject Matter**

The Examiner has rejected Claims 63-92 under 35 U.S.C. § 101 as being directed to nonstatutory subject matter. The Examiner states, "The rejected claims are directed to a computer program which is merely a set of instructions capable of being executed by a computer, the computer program itself is not a process and Office personnel should treat a claim for a computer program, without the computer-readable medium needed to realize the computer's program functionally, as nonstatutory functional descriptive material."

Under 35 U.S.C. § 101, "Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title." 35 U.S.C. § 101 (2002). With respect to claims directed to software, the M.P.E.P. states that "a claimed computer-readable medium encoded with a computer program . . . is . . . statutory." M.P.E.P. ch. 2106(IV)(B)(1)(a) (Rev. 1, Feb. 2003).

Independent Claims 63 and 78, as amended, are directed to "software embodied in computer-readable media and when executed by [a buyer or seller] computer system operable to" provide certain recited functionality. Claims 64-77 are directed to the "software of Claim 63," and Claims 79-92 are directed to the "software of Claim 78." Applicants respectfully submit that Claims 63-92, as amended, are clearly directed to statutory subject matter. Applicants

respectfully request reconsideration and allowance of Claims 63-92.

**Independent Claims 1, 15, 29, 45, 63, and 78 are Allowable Over  
the Proposed *Schmidt-Herz* Combination**

The Examiner rejects independent Claims 1, 15, 29, 45, 63, and 78 under 35 U.S.C. § 103(a) as being unpatentable over European Patent Application EP0770967A2 by Schmidt et al. ("*Schmidt*") in view of U.S. Patent No. 5,754,938 to Herz et al. ("*Herz*"). Even assuming for the sake of argument that *Herz* could be properly combined with *Schmidt*, the proposed *Schmidt-Herz* combination would still fail to disclose, teach, or suggest limitations recited in independent Claims 1, 15, 29, 45, 63, and 78.

*Schmidt* merely discloses a vendor-managed replenishment (VMR) contract being manually proposed, studied, and negotiated before the initiation of a potential VMR program. (Page 30, Lines 19-41). After the VMR contract is executed, a set of decision-support tools provides an initial set of replenishment quantities for user approval and conversion into purchase orders. (Page 29, Lines 7-8; Page 30, Lines 41-44).

The Examiner has acknowledged that *Schmidt* fails to disclose, teach, or suggest an ***automatic collaborative negotiation*** between a buyer computer system and a seller computer system that involves certain steps being carried out ***automatically and without user input***, as recited in independent claims 1, 15, 29, 45, 63, and 78.

In addition, despite the Examiner's assertions to the contrary, *Schmidt* also fails to disclose, teach, or suggest specific steps carried out during automatic collaborative negotiation, as recited in independent Claims 1, 15, 29, 45, 63, and 78. Even assuming for the sake of agreement that a VMR contract or a purchase order in *Schmidt* could be properly considered a proposed flexible trade contract, *Schmidt* would still fail to disclose, teach, or suggest any details of the negotiation of the VMR contract or any negotiation over the purchase order. Therefore, *Schmidt* necessarily fails to disclose, teach, or suggest, as recited in independent Claims 1, 29, and 63:

- *communicating each proposed flexible trade contract to a seller computer system to initiate an automatic collaborative negotiation over the proposed flexible trade contract with the seller computer system;*
- *receiving at least one modification of the proposed flexible trade contract from the seller computer system for automatic evaluation and possible acceptance in response to communicating the proposed flexible trade contract;*
- *evaluating the modification to determine whether the modification is acceptable; and*
- *accepting the modification if the modification is acceptable.*

*Schmidt* also necessarily fails to disclose, teach, or suggest, as recited in independent Claims 15, 45, and 78:

- *evaluating a proposed flexible trade contract to determine whether the proposed flexible trade contract is acceptable;*
- *if the proposed flexible trade contract is acceptable, accepting the proposed flexible trade contract; and*
- *if the proposed flexible trade contract is not acceptable, generating at least one modification of the proposed flexible trade contract and communicating the modification to a buyer computer system for automatic evaluation and possible acceptance.*

The Examiner relies on *Herz* to account for some of these deficiencies of *Schmidt*. However, *Herz* merely discloses a system that monitors stock prices and, when certain stock-performance characteristics are met, automatically places a buy or sell order. (Column 61, Lines 35-39). Nowhere does *Herz* disclose, teach, or suggest that the buy or sell order is in anyway negotiated. Therefore, even assuming for the sake of argument that a buy or sell order in *Herz* could be properly considered a proposed flexible trade contract, *Herz* would still fail to disclose, teach, or suggest ***automatic collaborative negotiation*** over the buy or sell order, as recited in independent Claims 1, 15, 29, 45, 63, and 78. Moreover, because *Herz* does not disclose, teach, or suggest any negotiation over the buy or sell order, *Herz* also necessarily fails to disclose, teach, or suggest the specific steps discussed above that are carried out during automatic collaborative negotiation, as recited in independent Claims 1, 15, 29, 45, 63, and 78.

For at least these reasons, independent Claims 1, 15, 29, 45, 63, and 78 are patentably

distinct from the proposed *Schmidt-Herz* combination. Accordingly, Applicants respectfully request reconsideration and allowance of independent Claims 1, 15, 29, 45, 63, and 78 and all their dependent claims.

**Independent Claims 93 and 94 are Allowable Over the Proposed  
*Schmidt-Herz-Shepherd* Combination**

The Examiner rejects independent Claims 93 and 94 under 35 U.S.C. § 103(a) as being unpatentable over *Schmidt* in view of *Herz* and in further view of U.S. Patent No. 5,970,479 to *Shepherd* (“*Shepherd*”). Even assuming for the sake of argument that *Schmidt*, *Herz*, and *Shepherd* could be properly combined with each other, the proposed *Schmidt-Herz-Shepherd* combination would still fail to disclose, teach, or suggest limitations recited in independent Claims 93 and 94.

*Shepherd* merely discloses a system that automatically secures agreement on the part of the stakeholders of an options contract seeking to trade the options contract and electronically transfers resources between contracting parties’ accounts. (Column 49, Lines 27-37).

Independent Claims 93 and 94 recite certain limitations that are substantially similar to certain limitations recited in independent Claims 1, 15, 29, 45, 63, and 78. The deficiencies of *Schmidt* and *Herz* discussed above with respect to independent Claims 1, 15, 29, 45, 63, and 78 similarly apply to independent Claims 93 and 94. *Shepherd* in no way accounts for any of these deficiencies. As an example, even assuming that the options contract in *Shepherd* could be properly considered a proposed flexible trade contract, nowhere does *Shepherd* disclose, teach, or suggest any negotiation over the options contract, much less an ***automatic collaborative negotiation*** over the options contract between a buyer computer system and a seller computer system, as recited in independent Claims 93 and 94. In addition, because *Shepherd* does not disclose, teach, or suggest any negotiation over the options contract, *Shepherd* also necessarily fails to disclose, teach, or suggest the specific steps discussed above that are carried out during automatic collaborative negotiation, as recited in independent Claims 93 and 94.

For at least these reasons, independent Claims 93 and 94 are patentably distinct from the proposed *Schmidt-Herz-Shepherd* combination. Accordingly, Applicants respectfully request reconsideration and allowance of independent Claims 93 and 94.

**CONCLUSION**

For the foregoing reasons, and for other reasons clearly apparent, Applicants respectfully request reconsideration and full allowance of all pending claims.

If the Examiner believes a telephone conference would advance prosecution of this case, the Examiner is invited to call Chris W. Kennerly, attorney for Applicants, at 214.953.6812.

Applicants believe no fees are due. Nonetheless, the Commissioner is hereby authorized to charge any fee and credit any overpayment to Deposit Account No. 02-0384 of Baker Botts L.L.P.

Respectfully submitted,

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